



Substitute Senate Bill No. 118

Public Act No. 10-64

AN ACT CONCERNING CONNECTICUT QUALIFIED BIODIESEL PRODUCER GRANTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 32-324 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

For the purposes of this section and sections 32-324a to 32-324f, inclusive, as amended by this act:

(1) "Biodiesel" means a fuel comprised of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats, designated B100, and meeting the requirements of designation D6751 of the American Society for Testing and Materials.

(2) "Qualified biodiesel producer" means [a facility that produces biodiesel,] an entity that is registered with the state of Connecticut, is domiciled in Connecticut and is actively engaged in, or intends to actively engage in, the production of biodiesel in Connecticut for commercial purposes.

(3) "Qualified biodiesel distributor" means [a facility that stores and distributes biodiesel,] an entity that is registered with the state of Connecticut, is domiciled in Connecticut and is actively engaged in, or

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intends to actively engage in, the storage and distribution of biodiesel in Connecticut for commercial purposes.

Sec. 2. Section 32-324a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) There is established an account to be known as the "Connecticut qualified biodiesel producer incentive account", which shall be a separate, nonlapsing account within the General Fund. The account shall contain any moneys required by law to be deposited in the account. The account may contain any moneys available from any agency or department of the federal government or any state agency for the purpose described in subsection (b) of this section. Such account shall not terminate upon the lack of any funds in such account.

(b) The moneys in said account shall be expended by the Department of Economic and Community Development for the purpose of administration of the program and providing grants to qualified biodiesel producers and qualified biodiesel distributors pursuant to sections 32-324b to 32-324f, inclusive, as amended by this act. For the purposes of implementing this grant, the Commissioner of Economic and Community Development may enter into an agreement, in accordance with the provisions of chapter 55a, with a person, firm, corporation or other entity.

Sec. 3. Section 32-324b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) A qualified biodiesel producer shall be eligible for not more than sixty monthly grants from the Connecticut qualified biodiesel producer incentive account, established pursuant to section 32-324a, as amended by this act. The Department of Economic and Community Development, in consultation with the person, firm, corporation or entity selected to implement the grant pursuant to subsection (b) of

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section 32-324a, as amended by this act, if applicable, shall determine monthly grant amounts by calculating the estimated gallons of biodiesel produced during the preceding month, as certified by the Commissioner of Economic and Community Development, or a designee, and applying such figure to the per gallon incentive credit established in subsection (b) of this section. For such certification purposes, a qualified biodiesel producer shall be required to provide the Commissioner of Economic and Community Development only with a certificate of analysis that documents compliance with the critical specifications of the American Society of Testing and Materials or "ASTM" standard D6751, including, but not limited to, the Tier II biodiesel fuel quality protocol accepted by the Commissioner of Consumer Protection.

(b) Each qualified biodiesel producer shall be eligible for a total grant in any fiscal year equal to the following amounts: (1) For the first five million gallons of biodiesel produced, thirty cents per gallon; (2) for the second five million gallons of biodiesel produced, twenty cents per gallon; and (3) for the third five million gallons of biodiesel produced, ten cents per gallon, except in the event that all moneys available for such grant program total: (A) Two hundred thousand dollars or less, not more than twenty cents per gallon regardless of the number of gallons of biodiesel produced, and (B) one hundred thousand dollars or less, not more than ten cents per gallon, regardless of the total number of gallons of biodiesel produced.

(c) Biodiesel produced by a qualified biodiesel producer in excess of fifteen million gallons in any fiscal year shall not be eligible for a grant pursuant to this section.

Sec. 4. Section 32-324c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

To receive a grant pursuant to section 32-324b, as amended by this

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act, a qualified biodiesel producer shall file an application for such funds not later than fifteen days after the last day of the month for which the grant is sought. The application shall include, but not be limited to: (1) The location of the qualified biodiesel producer; (2) the number of Connecticut citizens employed by the biodiesel producer in the preceding month; (3) the number of gallons of biodiesel produced during the month for which the grant is sought; (4) a copy of the qualified biodiesel producer's Connecticut registration; (5) any other information deemed necessary by the Commissioner of Economic and Community Development to ensure that such grants shall be made only to qualified biodiesel producers; and (6) satisfactory documentation that the biodiesel has a net carbon energy benefit when compared to the fuel it will replace. For purposes of compliance with subdivisions (5) and (6) of this section, a qualified biodiesel producer shall be required to provide the Commissioner of Economic and Community Development only with a certificate of analysis that documents compliance with the critical specifications of the American Society of Testing and Materials or "ASTM" standard D6751, including, but not limited to, the Tier II biodiesel fuel quality protocol accepted by the Commissioner of Consumer Protection.

Sec. 5. Section 32-324d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

[A qualified biodiesel producer shall be eligible for a one-time grant pursuant to section 32-324a to assist with purchasing equipment or constructing, modifying or retrofitting production facilities. Such grant shall not exceed (1) three million dollars, and (2) twenty-five per cent of the equipment or construction cost regardless of the number of facilities owned by said qualified biodiesel producer.]

A qualified biodiesel producer that is not yet actively engaged in the production of biodiesel shall be eligible for a one-time grant pursuant to section 32-324a, as amended by this act, to assist with the initial

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purchase of biodiesel production equipment or with the construction, modification or retrofitting of biodiesel production facilities. Such grant shall be administered to provide such qualified biodiesel producer with such initial financial assistance and shall not be administered as a reimbursement program. The amount of such grant shall not exceed three million dollars regardless of the number of facilities owned by the qualified biodiesel producer. The Department of Economic and Community Development, in consultation with the person, firm, corporation or entity selected to implement the grant, shall award such grant to any such qualified biodiesel producer that is not yet actively engaged in the production of biodiesel upon the request of such qualified biodiesel producer provided such qualified biodiesel producer has a contract or an approved application pending with such department, person, firm, corporation or entity on the effective date of this section.

Sec. 6. (NEW) (*Effective from passage*) (a) The Commissioner of Environmental Protection shall offer for sale allowances from the combined heat and power long-term power purchase agreement set-aside account to eligible carbon dioxide budget sources that operate carbon dioxide budget units, which are also combined heat and power units, and that operate pursuant to long-term purchase power agreements executed prior to January 1, 2001, pursuant to which: (1) Additional operating costs resulting from the implementation of section 22a-174-31 of the regulations of Connecticut state agencies cannot be passed along to the purchasing party, and (2) the carbon dioxide budget source certifies the inability to recover the costs of carbon dioxide allowances as a result of participating in electricity markets.

(b) The sale of allowances, as described in subsection (a) of this section shall occur not later than June 1, 2012, June 1, 2013, and June 1, 2014. The price of such allowances shall be two dollars and two cents,

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as indexed for inflation in years 2012, 2013 and 2014, as follows: Two dollars and two cents multiplied by the ratio of the Consumer Price Index for all urban consumers, as published by the United States Department of Labor as of August thirty-first of the previous calendar year to the Consumer Price Index for all urban consumers for August 2008.